

OPEN MEETING ITEM

COMMISSIONERS
BOB STUMP – Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH



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ARIZONA CORPORATION COMMISSION

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2014 JUL 7 PM 1 55

DATE: JULY 7, 2014
DOCKET NO.: W-02113A-13-0118

ORIGINAL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Teena Jibilian. The recommendation has been filed in the form of an Order on:

CHAPARRAL CITY WATER COMPANY
(NUNC PRO TUNC CORRECTING ERRORS IN DECISION NO. 74568)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JULY 16, 2014

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

JULY 22, 2014 and JULY 23, 2014

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

JUL 7 2014

DOCKETED BY	
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JODI JERICH
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347
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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 BOB STUMP - Chairman
4 GARY PIERCE
5 BRENDA BURNS
6 BOB BURNS
7 SUSAN BITTER SMITH

8 IN THE MATTER OF THE APPLICATION OF
9 CHAPARRAL CITY WATER COMPANY FOR A
10 DETERMINATION OF THE CURRENT FAIR
11 VALUE OF ITS UTILITY PLANT AND
12 PROPERTY AND FOR INCREASE IN ITS RATES
13 AND CHARGES BASED THEREON.

DOCKET NO. W-02113A-13-0118

DECISION NO. _____

ORDER NUNC PRO TUNC
CORRECTING ERRORS IN
DECISION NO. 74568

11 Open Meeting
12 July 22 and 23, 2014
13 Phoenix, Arizona

14 **BY THE COMMISSION:**

15 * * * * *

16 Having considered the entire record herein and being fully advised in the premises, the
17 Commission finds, concludes, and orders that:

18 **FINDINGS OF FACT**

19 1. On April 26, 2013, Chaparral City Water Company ("CCWC" or "Company") filed
20 the above-captioned rate application with the Arizona Corporation Commission ("Commission").

21 2. On June 20, 2014, the Commission issued Decision No. 74568, setting new rates for
22 CCWC.

23 On June 25, 2014, CCWC filed a Request for Order Nunc Pro Tunc ("Request"). CCWC stated that
24 based on its review, the rate design in Exhibit C to Decision No. 74568 under-recovers the Decision's
25 authorized revenue by approximately \$250,000. CCWC stated that if an Order Nunc Pro Tunc
26 correcting the errors was considered and approved at the Commission's July 22-23 Open Meeting,
27 CCWC would not request a surcharge to address the shortfall in revenue stemming from the incorrect
28 rate design. CCWC requested that the Order Nunc Pro Tunc specify

1 that the corrected rates will become effective immediately upon the Decision's effective date, and
2 that the revised rates will apply to all bills issued after such effective date.

3 3. In the Request, CCWC expressed a concern that Exhibit C to Decision No. 74568 did
4 not include the authorized \$0.0573 per thousand gallons charge in the third tier commodity charge for
5 residential and commercial customers to fund the low income program. CCWC requested that the
6 \$0.0573 be delineated separately in the corrected rate design.

7 4. The Request pointed out typographical errors appearing in Exhibit C to Decision No.
8 74568 in regard to the incorrect designation of "All Classes" as opposed to the correct designation
9 "Residential and Commercial Classes," and stated that "Irrigation and Hydrants – All Meter Sizes"
10 should be corrected to "Irrigation, Hydrants and Fire Sprinklers."

11 5. The Request also pointed out a typographical error appearing in Exhibit C to Decision
12 No. 74568 in regard to the Service Line Charge for the 1 1/2 inch meter, which should read \$470
13 instead of \$570.

14 6. On June 26, 2014, a Procedural Order was issued. The Procedural Order recognized
15 that the monthly minimum charges and commodity charges in the rate design set forth in Exhibit C to
16 Decision No. 74568 require correction with an Order Nunc Pro Tunc. The Procedural Order stated
17 that the correction is necessary due to a clerical error that resulted in the development of a rate design
18 that produces approximately \$273,000 less revenue than the Decision authorized. The Procedural
19 Order provided a corrected rate design and directed the parties to comment on it.

20 7. In addition to providing the corrected rate design, the Procedural Order acknowledged
21 that the typographical errors pointed out in the Request should be corrected, and that the Order Nunc
22 Pro Tunc should specify that the corrected rates will become effective immediately upon the effective
23 date of the Order Nunc Pro Tunc, applicable to all bills issued after such effective date.

24 8. The Procedural Order clarified that the authorized \$0.0573 to fund the low income
25 program was included in the calculation of the third tier commodity rate in Exhibit C to Decision No.
26 74568, and in the corrected rate design in the Procedural Order.

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1 10. On June 27, 2014, CCWC docketed a filing indicating that it had reviewed the new
2 rates and other revisions set forth in the June 26, 2014 Procedural Order, and that it has no further
3 comments or proposed revisions thereto.

4 11. Exhibit C to Decision No. 74568 requires correction due to a clerical error that
5 resulted in the development of a rate design that produces approximately \$273,000 less revenue than
6 Decision No. 74568 authorized.

7 12. The rate design provided in the June 26, 2014 Procedural Order correctly recovers the
8 revenue authorized by Decision No. 74568.

9 13. Exhibit 1, attached hereto, includes the corrected rate design provided in the June 26,
10 2014 Procedural Order, as well as correction of the typographical errors pointed out in CCWC's
11 Request.

12 14. Exhibit C to Decision No. 74568 should be replaced with the schedule of rates and
13 charges appearing in Exhibit 1.

14 15. Decision No. 74568 should also be corrected, nunc pro tunc, to reflect that under the
15 authorized rates, an average usage (7,870 gallons per month) residential customer with a 3/4 inch
16 meter will experience an increase in rates of \$7.68, from \$37.85 to \$45.53, or 20.29 percent.

17 16. As the June 26, 2014 Procedural Order stated, the lack of a separately-delineated low
18 income recovery item within the third tier commodity rate was not due to a clerical error, and a
19 separate delineation would therefore not appropriately be included in an Order Nunc Pro Tunc.
20 CCWC may choose, however, to bifurcate the \$0.0573 from the remaining third tier commodity rate
21 amount when it files its conforming tariff following the issuance of this Decision, or to otherwise
22 indicate on its tariff that the third tier commodity rate includes a \$0.0573 per thousand gallons charge
23 in the third tier commodity rate to fund the authorized low income program.

24 17. The corrected rates and charges appearing in Exhibit 1 should become effective
25 immediately upon the effective date of this Decision, and should apply to all bills issued after such
26 effective date.

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CONCLUSIONS OF LAW

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2 1. CCWC is a public service corporation within the meaning of Article XV of the
3 Arizona Constitution and A.R.S. Title 40.

4 2. The Commission has jurisdiction over CCWC and the subject matter of this
5 proceeding.

6 3. It is reasonable and in the public interest to correct, nunc pro tunc, the clerical errors in
7 Exhibit C to Decision No. 74568 by replacing Exhibit C with the corrected schedule of rates and
8 charges attached hereto as Exhibit 1.

9 4. It is reasonable and in the public interest that the corrected rates become effective
10 immediately upon the effective date of this Order Nunc Pro Tunc, and apply to all bills issued after
11 such effective date.

ORDER

12
13 IT IS THEREFORE ORDERED that Decision No. 74568 is hereby corrected, nunc pro tunc,
14 by replacing Exhibit C with the corrected schedule of rates and charges attached hereto as Exhibit 1.

15 IT IS FURTHER ORDERED that the rates and charges set forth in Exhibit 1 shall be
16 effective immediately upon the effective date of this Decision, and shall apply to all bills issued after
17 the effective date of this Decision.

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IT IS FURTHER ORDERED that Decision No. 74568 is hereby corrected, nunc pro tunc, to reflect that under the rates authorized in Decision No. 74568, an average usage (7,870 gallons per month) residential customer with a 3/4 inch meter will experience an increase in rates of \$7.68, from \$37.85 to \$45.53, or 20.29 percent.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____ 2014.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

TJ:tv

1 SERVICE LIST FOR: CHAPARRAL CITY WATER COMPANY

2 DOCKET NO.: W-02113A-13-0118

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EXHIBIT 1

MONTHLY MINIMUM CHARGE (All Classes):

3/4" Meter	\$ 20.40
3/4" Meter Residential Low Income	12.90
1" Meter	34.75
1" Meter Residential Low Income	27.25
1 1/2" Meter	69.25
2" Meter	111.00
3" Meter	222.00
4" Meter	346.75
6" Meter	693.50
8" Meter	1,109.75
10" Meter	1,595.25
12" Meter	2,982.50

Fire Sprinkler Service - All Meter and Valve Sizes *

* 2.00 percent of monthly minimum for a comparable size meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

COMMODITY CHARGE – Per 1,000 Gallons:**3/4-Inch Meter – Residential and Commercial**

0 gallons to 3,000 gallons	\$ 2.45
3,001 gallons to 9,000 gallons	3.65
Over 9,000 gallons	4.50

1-Inch Meter – Residential and Commercial

0 gallons to 24,000 gallons	\$ 3.65
Over 24,000 gallons	4.50

1 1/2-Inch Meter – Residential and Commercial

0 gallons to 60,000 gallons	\$ 3.65
Over 60,000 gallons	4.50

2-Inch Meter – Residential and Commercial

0 gallons to 100,000 gallons	\$ 3.65
Over 100,000 gallons	4.50

3-Inch Meter – Residential and Commercial

0 gallons to 225,000 gallons	\$ 3.65
Over 225,000 gallons	4.50

4-Inch Meter – Residential and Commercial

0 gallons to 350,000 gallons	\$ 3.65
Over 350,000 gallons	4.50

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6-Inch Meter – Residential and Commercial

0 gallons to 725,000 gallons	\$	3.65
Over 725,000 gallons		4.50

8-Inch Meter – Residential and Commercial

0 gallons to 1,125,000 gallons	\$	3.65
Over 1,125,000 gallons		4.50

10-Inch Meter – Residential and Commercial

0 gallons to 1,500,000 gallons	\$	3.65
Over 1,500,000 gallons		4.50

12-Inch Meter – Residential and Commercial

0 gallons to 2,250,000 gallons	\$	3.65
Over 2,250,000 gallons		4.50

Irrigation, Hydrants and Fire Sprinklers

All Usage	\$	3.65
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SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable Pursuant to A.A.C. R14-2-405)

	Service Line	Meter Installation	Total
5/8" x 3/4" Meter	\$385.00	\$135.00	\$520.00
3/4" Meter	385.00	195.00	580.00
1" Meter	435.00	234.00	669.00
1 1/2" Meter	470.00	367.00	837.00
2" Turbine Meter	At Cost	At Cost	At Cost
2" Compound Meter	At Cost	At Cost	At Cost
3" Turbine Meter	At Cost	At Cost	At Cost
3" Compound Meter	At Cost	At Cost	At Cost
4" Turbine Meter	At Cost	At Cost	At Cost
4" Compound Meter	At Cost	At Cost	At Cost
6" Turbine Meter	At Cost	At Cost	At Cost
6" Compound Meter	At Cost	At Cost	At Cost
8" & Larger Meters	At Cost	At Cost	At Cost
Fire Sprinkler Service - All Meter and Valve Sizes			At Cost

MISCELLANEOUS SERVICE CHARGES:

Establishment	\$	30.00
Re-Establishment (Within 12 Months)		(a)
Reconnection (Delinquent)	\$	35.00
Meter Test (if correct)		35.00
Meter Re-read (if correct)		10.00
Moving Meter at Customer Request		At Cost
Deposit		(b)
Deposit Interest		6.00%
NSF Check	\$	25.00
Late Payment Penalty, Per Month		1.50%
Deferred Payment, Per Month		1.50%
After Hours Service Charge*	\$	50.00

(a) Number of full months off the system times the monthly minimum, per A.A.C. R14-2-403(D).

(b) Per A.A.C. R14-2-403(B). Residential - two times the average monthly bill. Non-residential - two and one half times the average monthly bill.

* For work performed on the customer's property after hours, at customer's request. In addition to the charge for any utility service provided.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX, PER A.A.C. R14-2-409(D)(5).